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Chairman: Mr. NICULESCU (Romania)

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The meeting was called to order at 10.20 a.m.

AGENDA ITEM 93: SECTORAL POLICY QUESTIONS

(a) INDUSTRIAL DEVELOPMENT COOPERATION (A/55/356)

(b) BUSINESS AND DEVELOPMENT (A/55/405)

1. Mr. MAIZZA-NETO (United Nations Industrial Development Organization) introduced the report to be found in document A/55/356 under agenda item 93 (a), Sectoral policy questions: industrial development cooperation. The report contained an overview of efforts undertaken over the past two years by the United Nations Industrial Development Organization (UNIDO), which had actively endeavoured to adapt to real development needs.

2. Ms. BRANDWAYN (New York Liaison Office, United Nations Conference on Trade and Development - UNCTAD) drew attention to the main features of resolution 53/176, entitled "Action against corruption and bribery in international commercial transactions", and resolution 54/205, entitled "Prevention of corrupt practices and illegal transfer of funds". The report submitted (A/55/405) comprised three parts: measures adopted by 47 countries (developed and developing countries and countries with economies in transition); actions adopted by 11 international and multilateral organizations; and actions undertaken by five non-governmental organizations (NGOs).

3. Mr. LEIRO (Norway) said that his country considered the private sector to be an engine for growth and supported private sector development strategies in the developing countries, in particular through its bilateral agency NORAD. It also contributed to a number of developing countries' efforts to improve their private sector productive capacity through bilateral assistance, the United Nations system, the Bretton Woods institutions and the World Trade Organization (WTO). UNIDO had a valuable role to play in that field: a multilateral approach was necessary in areas such as improvement of the legal, institutional and economic environment for private sector development; hence the importance of assistance provided by the United Nations and multilateral institutions. Emphasis should also be placed on donor coordination and cooperation between the various agencies involved in promoting trade and development.

4. Corruption occurred in all regions of the world, but was particularly harmful to developing countries because it diverted scarce resources that could otherwise have been earmarked for development, deterred investment and retarded economic growth. Corruption also undermined democratic political systems and prevented the delivery of basic services. Primary responsibility for combating corruption fell to Governments, civil society and the private sector of the countries concerned. Norway was ready to help developing countries and countries in transition that were committed to fighting corruption, and to that end was endeavouring to strengthen those countries' administrative structures. Governments, the private sector and NGOs had a common interest in promoting sustainable development in the poorest countries, and the "Global Compact" proposed to business leaders by the Secretary-General of the United Nations was

particularly valuable in that regard. Companies doing business worldwide were increasingly aware of the issue of corporate social responsibility. Norway wished to promote awareness of that issue, and cooperated closely with the private sector and organizations for the defence of human rights.

5. Mr. PETROV (Russian Federation) said that his Government attached great importance to creating a favourable business and investment climate in the Russian Federation, and that it therefore accorded priority to combating corruption, bribery and unfair competition, which were impeding the inflow of investment into the Russian economy. Steps were being taken to overhaul the legal system and to prevent illegal transfers of capital abroad and money-laundering.

6. The Russian Federation saw financial crime as one of the adverse consequences of globalization, and particularly of the rapid liberalization of financial markets, which was not accompanied by the necessary structural and institutional reforms. Given the cross-border character of such crime, the Russian Federation supported international cooperation on the question, had signed the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime, and wished to cooperate with other States in combating economic and financial crime. To that end, it had joined the Organization for Economic Cooperation and Development (OECD) Working Group on Corruption and International Commercial Transactions. The Russian Federation wished to enhance the effectiveness of the United Nations specialized agencies, and especially the role of UNIDO in modernizing industrial production and in the search for sustainable development. It took a positive view of UNIDO's efforts to improve the competitiveness of the developing countries and countries in transition and to find solutions to their social problems.

7. The Russian Federation supported the reforms within UNIDO, whose new services reflected its priorities and countries' needs. The objective was to promote sustainable development through transfers of eco-technology and the establishment of standardization and metrology systems. The Russian Federation commended UNIDO for the role it played worldwide in the acquisition and dissemination of industrial development expertise.

8. Mr. LEWIS (Antigua and Barbuda), speaking on behalf of the 14 member States of the Caribbean Community (CARICOM) that were States Members of the United Nations, said that the Millennium Summit had centred around the unevenness of development due to globalization and trade liberalization, and the deepening poverty in most developing countries, including the least developed among them. CARICOM believed that poverty and hunger could not be eradicated without addressing the barriers to development and the burden of debt and debt servicing. The criterion of per capita income, pursuant to which some Caribbean States no longer qualified for concessionary loans from the international financial institutions and were not entitled to receive development assistance from other international agencies, ignored small States' serious structural problems.

9. The States of the Caribbean had invested in the development of their financial services sector, which was subject to rules very similar to those of

the OECD countries. They objected to OECD's efforts to dictate their tax policy, and did not accept OECD's jurisdiction in that matter.

10. CARICOM wished to see an increase in the mediating role of the United Nations vis-à-vis the iniquities of globalization, which threatened the development of small States. OECD's tax policy harmed the small Caribbean States' efforts to diversify their economies. OECD's policy was contrary to international law and violated both the letter and the spirit of countless United Nations resolutions. Admittedly, the developed countries had a place at the centre of global decision-making; but others, too, had a right to participate in decisions that affected the general interest.

11. CARICOM drew attention to the report of the Secretary-General on the prevention of corrupt practices and illegal transfer of funds (A/55/405), and pointed to the fact that there was now better coordination among international financial institutions and more sharing of information on all aspects of corruption.

12. He wished to express his country's support for the Durban Commitment to secure better recording of financial transactions and to curb money-laundering.

13. Mr. MUGODO (Kenya) said that industrial development offered the best opportunities of improving living standards, and stressed the importance of trade and investment. Growth in the industrial sector influenced other sectors of the economy. Most of the developing countries, and particularly those of sub-Saharan Africa, depended heavily on agriculture, a sector which had not contributed to achieving the desired levels of economic growth, but which nevertheless remained a lifeline for most of the population of the developing countries. Agricultural growth was thus of critical importance in catalysing agro-industry.

14. In Kenya, the great majority of the population lived in rural areas and depended on agriculture, which accounted for two-thirds of the country's exports. In the past, Kenya's economic policies had encouraged the development of traditional low-technology industries that relied heavily on imports. To facilitate industrial development, the Government had adopted structural adjustment programmes and introduced reforms in areas such as price controls, foreign trade liberalization and the financial sector. It had published an interim paper on poverty reduction and was in the process of finalizing another paper to be used as a national framework for the definition of sectoral priorities and programmes. Kenya called upon the international community, including United Nations agencies, and in particular UNIDO, to extend the assistance necessary to achieve those objectives.

15. The new world order required new approaches to managing world affairs, and development was first and foremost the responsibility of each country concerned. Full membership of WTO would be crucial to integration in the international trade system. The elimination of tariff barriers hindering developing countries' exports was necessary to enhance their economic growth. The developing countries saw their markets inundated with food surpluses from the industrialized countries, whose farmers were heavily subsidized. Kenya favoured regional integration, and was an active member of bodies such as the Common Market for

Eastern and Southern Africa and the Intergovernmental Authority for Development (IGAD), bodies whose objective was to broaden markets by reducing obstacles to trade.

16. The reforms undertaken by the developing countries had not resulted in the economic growth, investment and reduction in poverty that had been expected. His delegation applauded the efforts of UNIDO, but believed there was a need for increased cooperation between the developed and developing countries, particularly those of sub-Saharan Africa, through increased direct foreign investment; financial aid to enable the developing countries to increase their capacity, particularly in the field of information technology; achievement of the agreed level of official development assistance (0.7 per cent of donor countries' GNP to the developing countries, 0.15 per cent of it to the Least Developed Countries); assistance to the developing countries in combating poverty, illiteracy and disease, particularly HIV/AIDS; and cancellation of their external debt.

17. Mr. KONDO (Japan) congratulated the secretariat of UNIDO on its extremely comprehensive and informative report on industrial development cooperation. UNIDO should play a leading role in the industrialization of the developing countries, whose major challenges were currently how to generate employment opportunities and how to increase income by enhancing the rate of economic growth.

18. Japan, as the largest UNIDO donor, welcomed the measures taken to revitalize the Organization, such as refocusing of its activities, institutional streamlining, and reductions in the number of staff and the size of its budgets, which had enabled UNIDO to recover from the problems that had resulted in the withdrawal of important donors.

19. For its part, Japan had contributed to the setting up in Malaysia of the Asia-Africa Investment and Transfer of Technology Promotion Centre, in line with the Plan of Action adopted at the second Tokyo International Conference on African Development (TICAD II). The Centre's mission was essentially to enhance private sector investment.

20. Japan considered that the private sector played an essential role in promoting sustainable development. Entrepreneurship must be encouraged, especially among small- and medium-sized enterprises, as must new forms of assistance such as micro-credit arrangements. In order to ensure an enabling environment, action should focus on macro-economic and fiscal policies, establishment of the rule of law, sound judicial procedures and measures to combat corruption, so as to enhance fairness, efficiency and competitiveness in international commercial transactions.

21. Japan was in the process of ratifying the legal instruments relating to corruption in international commercial transactions and to combating bribery of foreign public officials in international business transactions.

22. Mr. TOMASI (France), speaking on behalf of the European Union, said that the industrialization of the developing countries had entered a new phase. The international community was becoming increasingly aware of the need to ensure a

fair division of the benefits of industrial development, and also to ensure that industrialization respected the environment. Accordingly, the European Union had decided to support the reforms undertaken in UNIDO since the adoption of the Business Plan at the 1997 General Conference, involving, inter alia, implementation of integrated programmes in the beneficiary countries, strengthening its field offices, and the coordination effort undertaken to enhance cohesion between United Nations agencies as well as coherent action at local level by public and private agents involved in joint projects.

23. Transfers of skills and technologies, promotion of North-South partnerships between enterprises, strengthening of national quality control capacities so as to comply with international standards, promotion of small- and medium-sized enterprises: all those activities were to be encouraged. UNIDO also had a local role to play in helping to establish a reliable and transparent legal and economic environment conducive to direct foreign investment. That approach had enabled additional funds to be mobilized, but it was important to ensure that programmes were commensurate with the funding likely to be available over the duration of the programme. Against that background, the European Union favoured increasing the resources earmarked for execution of ongoing integrated country programmes, rather than allocating scarce human resources to the preparation of new programmes, for which, given the universal character of the Organization, priority would have to be accorded to the Least Developed Countries, particularly in Africa.

24. On agenda item 93 (b): Business and development, the European Union regretted that the particularly late transmission of the report of the Secretary-General on the prevention of corrupt practices and illegal transfer of funds had not allowed delegations sufficient time to prepare for the debate on the question. The European Union also had reservations regarding the report, which confined itself to reproducing the replies of Member States and international organizations, with no attempt made to place them in context or analyse them. From the replies of Member States, international and inter-governmental organizations, it emerged that substantial efforts had been made in both areas. The European Union could only encourage all concerned to persevere with those efforts. With particular regard to the crucial question of money-laundering, it supported the dialogue launched by the Group on International Financial Action against Money-Laundering (GAFI) with the countries and territories concerned. The European Union welcomed the initiatives taken in that field by the Secretariat (and in particular by the Department of Economic and Social Affairs (DESA)), and also by the United Nations Development Programme (UNDP), including the establishment of its Programme for Accountability and Transparency (PACT).

25. The private sector, and in particular enterprises, played an essential role in the development process. That fact, albeit well known, was even more evident in an era of globalization. Action by the United Nations and all its specialized agencies must increasingly be conceived as a partnership with the private sector. That was not a choice, but a necessity. Partnership took various forms, including exchanges of information and joint projects. Such cooperation must be made more systematic, and the United Nations must become more open to the outside world.

26. Mr. MOHAMMED (Nigeria), speaking on behalf of the Group of 77 and China, said that the situation with regard to industrial development in most developing countries remained unchanged, and that the reforms undertaken had not yielded the desired results. The reasons were weak economic governance, lack of response to stabilization measures, weak institutional and physical infrastructure, small domestic markets and limited access to regional and global markets, and also the absence of a critical mass of small- and medium-sized enterprises. Under the combined impact of globalization and liberalization, the economies of the poorest developing countries had become almost completely marginalized. Those countries' share in global manufacturing activities was very uneven, and the difference between the economic growth rate of some East Asian and Latin American countries and that of some African and Least Developed Countries was blatant.

27. The Second Committee must thus create an environment that would enable developing countries to meet the challenges of industrial development. The Group of 77 firmly believed that products from developing countries must have unfettered access to the markets of developed countries. It was also crucial that industries should be linked to agriculture and developed in such a way as to provide employment and income and bring about social integration. In that regard, UNIDO's integrated programme of action to assist industrial development through technical assistance and education, training and information activities was worthy of support. UNIDO must intensify its capacity-building activities in developing countries and, in that area, programmes involving collaboration between agencies, particularly UNIDO and UNCTAD, should be encouraged. The United Nations system, the international community and Governments must adopt proactive policies to achieve faster industrial development.

28. In adopting resolution 53/176 entitled "Action against corruption and bribery in international commercial transactions", the General Assembly had signalled its determination not to relent in the fight against corruption. It was essential that the United Nations Declaration against Corruption and Bribery in International Commercial Transactions (General Assembly resolution 51/191) should be implemented, in view of the negative impact of corruption on businesses worldwide and its implications for the developing countries. In adopting resolution 54/205 entitled "Prevention of corrupt practices and illegal transfer of funds", the General Assembly had expanded the frontiers of the battle against corruption. He particularly stressed the issue of illegal transfer of funds and the need to repatriate such funds to their countries of origin. International cooperation was called for in that connection. The report contained in document A/55/405 set out the measures taken by countries, groups of countries, international and non-governmental organizations to prevent corrupt practices in international commercial transactions and illegal transfer of funds. Those measures were to be welcomed, and he drew attention to the efforts of several developing countries in that regard.

29. It was clear, however, that efforts at the national level must be complemented by efforts on the part of the international community. Some international organizations and groups of countries had taken concrete action, and he particularly stressed the measures taken by the International Monetary Fund (IMF) in the field of financial controls and supervision of financial institutions, including offshore banking centres, as well as those taken by the

World Bank, which had indicated that it would assist countries that asked for help in curbing corruption.

30. The United Nations Declaration against Corruption and Bribery in International Commercial Transactions and the various instruments so far adopted would serve as useful reference points in the fight against corruption. The Group of 77 wished to draw attention to the ninth International Anti-Corruption Conference, held in Durban, South Africa, in October 1999, which had indicated the action to be taken in various key sectors. The international banking community had a role to play in that regard, in curbing money-laundering and facilitating the return to developing countries of funds misappropriated by their leaders. The Conference had also underscored the unacceptability of investing such money in institutions in the developed world for the benefit of a corrupt few, when they were needed for the benefit of the people. Those questions merited close attention. Yet, in an era of globalization and rapid integration of the world economy, and in view of the radical impact of information technology on the international financial and banking community, those actions would have little effect if they remained isolated and were not coordinated. The Group of 77 thus called on the Second Committee to take concrete action with a view to the elaboration of a convention to address the issue of corruption in all its manifestations.

31. Mr. POPOV (Belarus) said that UNIDO, an important United Nations specialized agency, played a crucial role in industrial development cooperation, as it was in a position to take account of the needs of all its members and to tackle problems in an integrated manner. Belarus welcomed the fact that it had succeeded, in a very brief period of time, in overcoming the crisis it had undergone and transforming itself into a modern, flexible and decentralized organization.

32. Against a background of globalization, industrialization must respond to the needs of Member States, a task that UNIDO strove to achieve. It was therefore necessary to support country programmes and integrated regional programmes, which enabled beneficiaries to obtain a more specific range of technical cooperation services, while themselves determining the fundamental direction of their economic development. Implementation of those programmes could of course run into difficulties through a lack of resources, problems of evaluating results and demand that exceeded existing financial possibilities. Belarus did not regard those difficulties as insurmountable. Definition and implementation of the integrated programmes called for increased cooperation between beneficiary and donor States, with the assistance of other international institutions. Belarus counted on UNIDO to strengthen its links with other competent international organizations, funds and programmes, continuing and increasing industrial development cooperation at system-wide level.

33. Belarus fully supported the special concept of technical cooperation with countries with economies in transition, of whose needs UNIDO's policies and programmes must not fail to take account; and it attached great importance to implementation of the UNIDO General Conference resolution concerning the region of Europe and the newly independent States, a resolution of which it was one of the sponsors. The countries in transition had particular industrial development characteristics, given that they already had quite significant potential and,

with assistance from UNIDO, could rapidly transform themselves from recipients of technical assistance into donors. Belarus thus had high expectations of UNIDO's function as a global forum for the acquisition and dissemination of knowledge related to the industrial development process (A/55/356, para. 27), and particularly welcomed the holding of a Regional Forum for Industrial Development in Budapest, Hungary, on 12 and 13 October 2000.

34. Mr. AHMAD (Pakistan) endorsed the statement by the representative of Nigeria. He welcomed the reports submitted by the Secretary-General on agenda items 93 (a) and (b), while regretting that they did not include practical recommendations concerning the role of the United Nations in combating corruption and illegal transfer of funds.

35. Corruption was a cancer that could shake the foundations of any economy, and illegal transfers of funds were a constant drain on developing countries' scarce resources, weakening their economies and impoverishing their populations. Pakistan unreservedly supported General Assembly resolution 54/205 entitled "Prevention of corrupt practices and illegal transfer of funds". At their meeting in Havana, the Heads of State of the countries of the South had stressed the need for enhanced cooperation at various levels in order to combat that scourge. At the Ninth International Anti-Corruption Conference, held in Durban, South Africa, in October 1999, the banking community had undertaken to facilitate the repatriation to the developing countries of funds misappropriated by some leaders. It was to be hoped that that commitment, which was to be welcomed, would shortly be put into practice.

36. For its part, the Government of Pakistan had taken a number of steps to combat corruption, tackling both the preventive and the corrective aspects of the problem. Not only State institutions and officials, but also all elected representatives and private sector agents were required to account for their activities. However, national efforts would not yield the desired results without firm support at world level. The international community must intervene, particularly in two areas: first, effective mechanisms should be devised to repatriate illegally transferred funds to their countries of origin. Secondly, expatriates indicted for corrupt practices should be extradited.

37. Some progress had been made since the adoption of General Assembly resolutions 53/176 and 54/205, and the time was now ripe to draw up a universal legal instrument to be elaborated through the United Nations: globalized corruption called for global action. That was the idea put forward by Heads of Government at the Millennium Summit, and by participants in the South Summit and the Durban Conference. The United Nations was the appropriate forum for negotiations on a convention on the prevention of corrupt practices and illegal transfer of funds. It was to be hoped that discussions would be initiated on that issue.

38. With regard to industrial development cooperation, a large number of developing countries had still not been able to put their economies on track for industrial development. The challenge was to create an environment that avoided marginalizing those countries, a task that could not be left to market forces and globalization alone. UNIDO had made a notable contribution to building developing countries' capacity to transform themselves into industrial

societies, providing technical support and disseminating knowledge of industrial processes. Its contribution would, however, be more effective if the international economic environment was more propitious, with better distribution of foreign direct investment and private financial flows, market access, a lasting solution to the debt problem and enhanced levels of development finance.

39. In an era of globalization, the developing countries, and particularly the Least Developed Countries and Small Island Developing States, were facing new challenges. Global mega-mergers in the corporate sector posed a serious threat to those countries' small- and medium-sized enterprises. They needed to mobilize information, technology and knowledge, and UNIDO could play a crucial role in that area. The developing countries' industries were also threatened by disparities in trade liberalization. Their exports encountered non-tariff barriers, while imports from the developed countries had a heavy impact on the competitiveness of developing countries' domestic enterprises. The competent organizations must regulate those disparities and establish a new international economic environment.

40. Mr. HUANG XUEQI (China) said that his Government was actively combating corruption, an improper international trade practice which diverted resources that could have been allocated to economic development and distorted normal trade flows. With the increased pace of globalization, some large transnational corporations had infiltrated the economies of developing countries and taken control of a large share of their markets. Those enterprises' corrupt practices harmed the economic interests of all developing countries unable to benefit from globalization. International action was necessary to combat corruption, but any action taken must respect national sovereignty and take account of the differing situations, levels of development and legislation of the countries concerned.

41. The Government of China was opposed to any interference in a country's domestic affairs with a view to preventing corruption. International anti-corruption agreements must concern themselves with the practices of the transnational corporations, whereas corruption within a Government must be resolved at domestic level in the country concerned. The Government of China had always taken a firm stance with regard to the punishment of those guilty of corruption. Chinese criminal law included provisions in that regard, and in 1996 the Government had included an anti-corruption law in its five-year legal codification plan. China was currently undergoing a period of rapid transition which offered much scope for corruption; accordingly, at its Fifteenth National Congress in 1997, the Chinese Communist Party had proclaimed that corruption must be drastically reduced in the five years ahead. Considerable progress had been made in achieving that goal, particularly through enhanced anti-corruption measures in order to attack the root causes of the problem. The fact that such senior officials as the Deputy Governor of a province and a Vice-Chairman of the People's National Assembly had been punished for acts of corruption was evidence of the Government's determination to combat corruption.

AGENDA ITEM 95: ENVIRONMENT AND SUSTAINABLE DEVELOPMENT (continued) (draft resolution A/C.2/55/L.9)

42. Mr. ANAEDU (Nigeria), speaking on behalf of the Group of 77 and China, introduced the draft resolution entitled "International cooperation to reduce

the impact of the El Niño phenomenon", submitted by the Group of 77, China and Mexico. The draft resolution referred to the activities already undertaken at international level and the measures taken to reduce the serious impact of the El Niño phenomenon, particularly in the framework of the International Strategy for Disaster Reduction. It stressed the need for international measures, particularly to establish an international centre for the study of the El Niño phenomenon in Guayaquil, Ecuador. The El Niño phenomenon had impacts on other areas of the environment, and research into the question would provide an opportunity to deal with other related problems.

The meeting rose at 12.05 p.m.